



# Graduate Student Council of the Massachusetts Institute of Technology

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### **President**

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### **Executive Committee**

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### **Vice-President**

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### **Nominations Board**

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### **Secretary**

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### **Publications & Publicity Board**

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### **Treasurer**

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### **Funding Board**

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## Committees

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## **63.gsc.13: Amendment to the Bylaws concerning Finances and Spending**

Authors: GSC Treasurer Lisa Guay and GSC Secretary Orpheus Chatzivasileiou

The Graduate Student Council of the Massachusetts Institute of Technology, taking into consideration:

1. Article X.2 of the GSC Constitution
  2. The need for accountability in how committee chairs operate,
- decides to amend the Bylaws as follows:

1. Currently, committee chairs have the power to authorize disbursements, provided that such funds to be disbursed are assigned to a line item and the disbursement does not exceed the line item. To safeguard against irregular interpretation of line items or use of GSC funds, the Treasurer and the Executive Committee is given supervisory authority over spending. Therefore, Article VI.C is amended as follows:

Except as provided in the preceding section, all funds disbursed must be assigned to a line item in a valid Budget. The line item must accurately describe the purpose of the disbursement, and the disbursement must be authorized by a chair of the relevant committee. If the Treasurer believes that a proposed disbursement is not adequately described by a line item then he or she may bring the matter before the Executive Committee, who may vote to withhold authorization for the disbursement. The Treasurer, in conjunction with the GSC's Financial Administrator, may withhold authorization for proposed disbursements that may conflict with MIT's Financial Review & Control Procedures. In general, funds disbursed to a given line item must not exceed that line item. The Treasurer may, however, authorize disbursements to a line item exceeding the line item by up to 10% of the committee subtotal, and the Executive Committee may authorize disbursements exceeding the line item by any amount. Under no circumstances, however, may the committee subtotal be exceeded.
2. Currently, the Stabilization Fund is capped at 15% of the previous Budget outflows. However, given the fact that about 2/3 of the GSC budget consists of flexible revenue sources, this cap needs to be raised to safeguard against possible sharp changes in these revenue sources. Furthermore, the current deadline (March 31) for transfers to and from the Stabilization Fund may be too early, since there is the possibility that the final disbursement from our flexible revenue sources may happen after this deadline. Therefore, this deadline is moved to be right after the final disbursement, or at the end of the fiscal year at the latest. In addition, a procedure for adding additional funds to the Stabilization Fund will need to be established. Therefore, Article VI.F is amended as follows:

### **F. Stabilization Fund**

The Council maintains a dedicated Stabilization Fund, separate from the other accounts used for the day-to-day operations of the



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Council. Its purpose is to smooth excessive variation in cash inflows from outside the Institute. The Stabilization Fund is governed by the following mechanism:

1. The Stabilization Fund balance shall never exceed ~~15%~~35% of the Previous Budget cash outflows.

2. Depending on the actual cash inflow of all the flexible revenues in the current year, two situations can arise:

1. The actual cash inflows ( $All\_R_t$ ) exceed or equal the average of all the flexible revenues to the GSC for the past three years, adjusted for inflation by the Consumer Price Index ( $All\_R_{avg,t}$ ). In this case, the Treasurer must transfer the following sum to the Stabilization Fund, ~~by March 31~~ within one month after receiving the final disbursement of flexible revenues for the fiscal year, or at the end of the fiscal year at the latest:  $[50\% * (All\_R_t - All\_R_{avg,t})]$ , or  $[~~15\%~~35\% * (Previous Budget cash outflows) - current Stabilization Fund balance]$ , whichever is less.

2. The actual cash inflow ( $All\_R_t$ ) is below the average of all the flexible revenues to the GSC for the past three years, adjusted for inflation by the Consumer Price Index ( $All\_R_{avg,t}$ ). In this case, the Treasurer can withdraw up to:  $[50\% * (All\_R_{avg,t} - All\_R_t)]$ , or the current Stabilization Fund balance, whichever is less. The funds withdrawn can only be used towards approved Budget items.

3. Special disbursement:

If the Executive Committee wishes to withdraw funds from the Stabilization Fund outside or in excess of the provisions of Article VI.F.2, and only after those provisions have been met, a special Council Meeting must be called and a resolution for funds withdrawal shall be approved by a simple majority of Council. To be valid, the resolution should be publicized at least two weeks prior to the Council meeting and contain:

i. The current balance of the Stabilization Fund,

ii. The total amount to be withdrawn, which shall not exceed 5% of the "Previous Budget" cash outflows, or the current balance of the Stabilization Fund, whichever is less.

iii. The approved Budget line item(s) towards which the funds will be used, and the rationale as to why these cannot be funded through normal inflows.

This special disbursement can only take place at most once per annual term of the GSC.

4. Special replenishment:

If the Executive Committee wishes to add funds from the Stabilization Fund outside or in excess of the provisions of Article VI.F.2, then it may do so during the budgeting process, either when formulating or re-scoping the Budget by including a special line item to the Budget, outlining the sum to be added to the Stabilization Fund. This line item will be voted on in the same manner as any other line item. The Treasurer shall be the person responsible for the execution of this particular Budget line item.



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3. Currently the GSC maintains a number of funds that are approved by the GSC's Budget process every year. These funds, with the exception of the Initiatives Fund, are not defined in the Bylaws. The current description and disbursement process for the Initiatives Fund is too rigid and cannot be easily revised to better serve graduate student needs. Also, by the current description, funds allocated to the Initiatives Fund that have not yet been disbursed have to remain there for 2 fiscal years, thereby constraining Council's ability to change the size of the fund at will. Furthermore, Council should be able to add funds to this Fund in excess to any projected surplus for the fiscal year. It would therefore be more appropriate if the description of the Initiatives Fund was to be removed from the Bylaws, revised to reflect current practice and facilitate better function of the Initiatives Fund. The Initiatives Fund can then have its description put on the GSC page, as is the case with the rest of GSC's funds. Therefore, Article VI.G is removed from the Bylaws:

### ~~G. Initiatives Fund~~

~~If there is a surplus after calculating total cash inflows and outflows, a portion of the surplus may be divided between an Initiatives Fund and an Initiatives line item in the Executive Committee's budget subtotal. The amount shall be approved by the council through a budget legislation as defined in article VI.D. Legislative process. A project can receive funds from the Initiatives Fund only by a resolution passed by the Council. A project can receive funds from the Initiatives line item only by a majority vote of the Executive Committee. The Executive Committee shall define the proposal guidelines and GSC Treasurer shall oversee the process of receiving proposals for the use of these funds. Approved proposals for both funds shall be reported in the GSC budget under "Initiatives Subtotal" similar to the "Committee subtotal" defined in article VI.A. Financial structure.~~

~~Funds disbursed are in the form of offering of reimbursement of expenses up to an agreed amount and must be used within a timeline, both as defined in the resolution for the initiatives fund or the approved proposal by the Executive Committee. Undisbursed portion of the initiative fund within 2 fiscal years, shall be rolled over as the beginning of the year reserve of the next fiscal year. The undisbursed part of the initiatives line item shall be rolled over every year with the rest of the line items in the GSC budget. GSC committees and subcommittees are not eligible for funding through either the Initiatives Fund or the Initiatives line item.~~

The GSC Treasurer is hereby charged with developing the new description for the Initiatives Fund, which should be in the same spirit as the current description and implementing it. This description will be posted along with the descriptions of other funds.

The above shall take effect immediately. The Secretary of the Graduate Student Council is ordered to publicize this document by any means appropriate.